

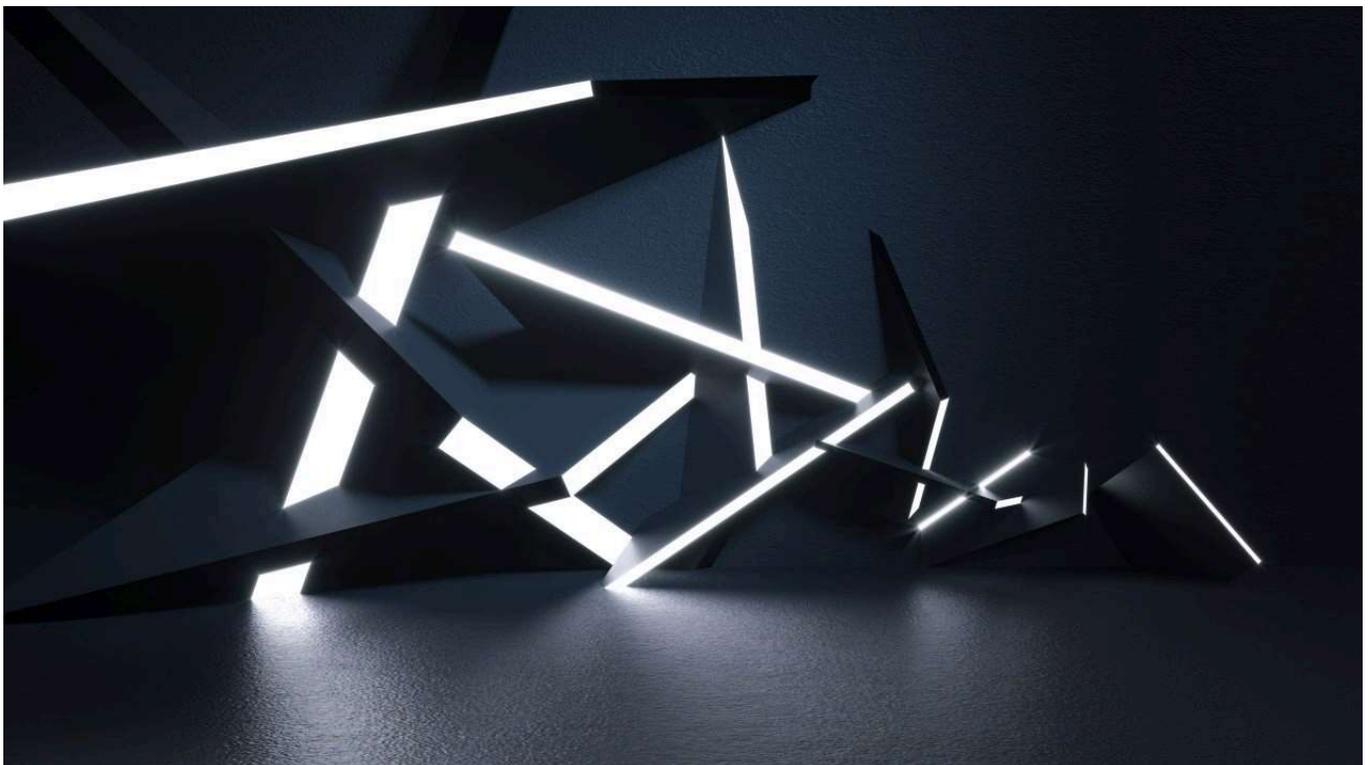
# The Roblox Revolution: Virtual Engagement, Real Challenges

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## Summary

- From virtual handbags to digital disputes, the rise of immersive platforms like Roblox is creating real legal challenges.
- Discover how platforms like Roblox are transforming digital marketing and the resulting legal complexities.
- Learn what attorneys need to know about e-discovery, data privacy, virtual conduct, and the future of immersive advertising.



To meet our ever-present duty of technological competence, attorneys must pay particular attention to evolving business practices. While we can't always know exactly what emerging technology and business frameworks will look like, many organizations are paving the way by engaging in new kinds of digital activity, including immersive advertising, marketing, brand experiences and virtual sales.

## The Roblox Revolution

Roblox is a global immersive platform boasting over 79 million daily users and rising. Established in 2006, it experienced a popularity surge during the pandemic and has continued to grow, more than doubling in daily users since 2020. Roblox is largely based on user-generated content that drives immersive experiences, user interactions and game play. "Community members" tend to average roughly 2.4 hours per day on the platform. This popularity is driven by a powerful creation engine, cross-device accessibility and a virtual economy powered by the digital currency, Robux.

Virtual accessories and apparel can be purchased and sold in the Roblox Marketplace, and in some cases, items have been valued incredibly high when traded. Gucci made headlines in 2021 by selling a virtual handbag at a higher price than the bag's real-life counterpart. And in another stunning example, a digital Caroline Herrera gown sold for \$5,000 in 2022.

And it's not just luxury brands that are eager to cash in on the digital attention. Roblox offers businesses a unique opportunity to engage with their consumers through brand activations, becoming a go-to platform for brands that want to engage with younger consumers. There have been hundreds of brand activations in Roblox so far, including offerings from IKEA, Vans, e.l.f., Chipotle, Walmart, Nike and Netflix, to name a few. Activations usually involve branded virtual environments where users interact with marketing content, virtual products and services in engaging settings. They might visit virtual stores, participate in brand-sponsored games, or win virtual or even real-life items.

In June of 2024, IKEA made waves by announcing that it would pay real salaries to 10 prospective players for staffing its virtual Roblox store. Brands like Walmart and e.l.f. are testing e-commerce activations that allow customers to buy digital versions of real-world products. Chipotle claims several "firsts" from their Roblox activations, including being the first brand to let Roblox players earn in-experience currency for real-world items, the first national restaurant brand to serve virtual food on the platform and the first to launch a real-world menu item inspired by the digital community.

The proliferation of these branded virtual worlds may be our first glance into a powerful blueprint for the future of digital advertising and engagement. And there are more

marketing and promotional benefits to be realized. Roblox has introduced ads that include world-jumping portals, which charge advertisers on a per-teleport basis to funnel targeted traffic into their environments.

These advertising efforts focus on younger audiences, who are already highly engaged in the platform and could impact consumers, business practices and the legal landscape. For companies advertising in the metaverse, it is crucial to ensure that ads targeting minors are ethical and that their personal data is handled with care—especially when sensitive or personally identifiable information (PII) is involved.

The immersive advertising space is blooming into a spectrum of legal considerations, and evidence from virtual interactions may come into play soon. It is imperative that attorneys recognize these virtual environments as emerging data sources for legal proceedings. The potential for evidence from these digital worlds should be drawing our focus and attention.

## Discoverable Data Sources

As virtual environments, immersive gaming platforms and spatial computing spaces become part of our everyday life, attorneys must understand the evolving duty to preserve, collect, review, analyze, produce and present data that originates from these digital worlds. Communications, user interactions and virtual actions within these spaces could increasingly serve as sources of evidence in legal disputes. This potential evidence will run the gamut of human behavior—from harassment and misconduct to contractual disputes arising from immersive business activities. Attorneys must be prepared to navigate this evolving terrain.

A recent case from the U.S. District Court for the Northern District of California highlights the expanding scope of e-discovery in modern gaming environments. In *J.T. v. City and County of San Francisco*, the court emphasized the importance of preserving relevant electronically stored information (ESI) from gaming consoles. It acknowledged that “modern gaming often takes place online, and gaming consoles are frequently used to facilitate social networking and communication through various online gaming platforms.” The ruling pointed to platforms like Steam, Xbox Live, PlayStation Network, Twitch, YouTube Gaming and in-game messaging as potential sources of evidence.

This decision underscores the rise of relevant data from nontraditional environments, extending preservation and production duties beyond traditional devices to gaming platforms and social spaces. For attorneys, this means adapting to new e-discovery frontiers where virtual interactions could play a pivotal role in proceedings. The

challenges of preserving user interactions within platforms like Roblox highlight the need for comprehensive and forward-thinking e-discovery strategies.

## Liability and Compliance

As businesses dive deeper into immersive platforms, they must navigate a complex landscape of liabilities and compliance issues. These virtual spaces open the door to unique legal risks, both civil and criminal. In-platform interactions can lead to disputes over digital conduct, such as contract breaches, and even claims of digital harassment or assault—an area of growing concern in virtual environments.

The immersive nature of these environments may complicate the interpretation of existing laws. An employment dispute or digital assault, within an activation, might challenge traditional definitions of harm or intent. Similarly, the line between a user's personal and business conduct can blur when immersive platforms are used for professional purposes. Thorough analysis of terms of service, privacy policies, and behavioral guidelines for user conduct within virtual spaces will be key. Organizations must also consider the ethical implications of targeting younger users.

As our culture increasingly embraces immersive environments, we will also embrace new hardware solutions, such as VR headsets and AR glasses, to help us experience those environments. Managing employee use of these devices presents another layer of complexity. Attorneys must provide guidance on best practices for monitoring and regulating both personal and enterprise devices to prevent unauthorized access to sensitive data or potential misuse.

The evolving nature of these virtual environments means that legal standards will continue to develop. Attorneys and businesses alike must remain adaptable, continuously seeking knowledge about how these platforms impact their obligations.

## Data Privacy

The immersive ecosystem presents a maze of privacy touchpoints, spanning hardware, applications and third-party advertisers—each with unique privacy challenges. In these environments, data collection may not be limited to basic user information. Instead, it may extend to a wide array of personal interactions, behavioral data and virtual movements. Protecting user privacy in virtual spaces, particularly when engaging younger audiences, is critical, and mishandling of data can have significant implications.

In immersive platforms, data privacy concerns often involve personally identifiable information (PII) and sensitive behavioral data collected during interactions. For example,

Roblox's engagement with millions of young users requires rigorous adherence to child privacy laws, including the Children's Online Privacy Protection Act (COPPA). Businesses operating in these virtual spaces must be aware of the heightened scrutiny that comes with advertising to minors, ensuring that data collection practices are transparent, and consent based.

For legal professionals, technological competency requires understanding how data privacy regulations apply inside digital ecosystems. And there must be a balance between effective advertising engagement and robust user privacy protections. This includes implementing secure data storage, restricting access to sensitive information and ensuring that user data is used only for its intended purposes.

Application privacy adds another layer of complexity, involving the secure handling of user data within apps that host immersive experiences. Third-party advertisers must be cautious, as they often rely on extensive data tracking and user metrics to deliver targeted ads. For attorneys, guiding clients through this intricate landscape requires understanding how various privacy laws, including General Data Protection Regulation, CCPA and even biometric regulations, intersect with immersive technology.

Navigating user privacy in immersive environments means addressing multiple points of vulnerability. Companies must implement stringent data security measures and limit access to sensitive information. This involves drafting clear privacy policies, setting boundaries for data sharing with third parties and regularly updating practices to align with evolving legal standards.

As the immersive ecosystem continues to grow, we must stay at the forefront of data privacy concerns, advocating for ad strategies that respect user privacy. This includes handling biometric data with care, establishing protocols for secure storage and preparing for future regulations that shape how personal data is managed in virtual spaces. Maintaining a balance between effective engagement and robust privacy protections is not only a compliance issue but also a trust-building opportunity.

As immersive environments grow in influence, businesses will take advantage, and legal practitioners must stay ahead of the curve. Understanding the technology is key to helping clients navigate this exciting new frontier. Whether you are advising a business entering the metaverse or representing a client in a virtual dispute, the legal challenges and opportunities in these spaces are vast and growing, making now the time to prepare for the complexities of virtual worlds and immersive experiences.

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